

CONSOLIDATED STATEMENT OF EARNINGS

AR48

BRANCH OFFICES

(Unaudited)

Six months ended		
June 30		
1977	1976	
Revenue		
Mortgages and secured loans	\$ 14,117,000	\$ 12,437,000
Sale of properties	3,978,000	—
Marketable securities	3,238,000	2,951,000
Other	1,638,000	1,114,000
	<u>22,971,000</u>	<u>16,502,000</u>
Expenses		
Interest	13,437,000	12,069,000
Cost of properties sold	4,793,000	—
Personnel	1,515,000	1,031,000
Premises	376,000	284,000
Other	1,288,000	956,000
	<u>21,409,000</u>	<u>14,340,000</u>
Earnings before income taxes	1,562,000	2,162,000
Provision for income taxes	375,000	1,063,000
Net earnings	<u>1,187,000</u>	<u>1,099,000</u>
Dividends on preferred shares	162,000	162,000
Net earnings applicable to common		
shares	<u>\$ 1,025,000</u>	<u>\$ 937,000</u>
Earnings per common share	75 cents	69 cents
Average number of common		
shares outstanding	1,361,478	1,361,478

EXECUTIVE OFFICES

209 - 8th Avenue South West	
Calgary, Alberta T2P 1B8	
One Place Ville Marie, Suite 3424	
Montreal Quebec H3B 3N6	

MEMBER CANADA DEPOSIT INSURANCE CORPORATION

MEMBER QUEBEC DEPOSIT INSURANCE BOARD



Commerce Capital Trust

Interim Report to Shareholders
For Six Months Ended June 30, 1977

TO THE SHAREHOLDERS:

This report presents the unaudited financial statements for the Company's operations over the six month period ended June 30, 1977.

Consolidated net earnings for the first half of the year were \$1,187,000 compared with \$1,099,000 during the same period in 1976. After providing for dividends on the preferred shares, earnings available to common shareholders amounted to \$1,025,000 or 75 cents per share, compared with \$937,000 or 69 cents per share last year.

The Company's Board of Directors has declared a quarterly dividend of 14 cents per common share payable September 30, 1977 to shareholders of record September 16, 1977. This is an increase over the previous 12 cent quarterly dividend. In addition, the regular quarterly dividend on outstanding preferred shares was declared payable October 31, 1977 to shareholders of record October 14, 1977.

Total assets of the Company now amount to \$350 million, up from \$327 million at year end, the greatest part of this growth being recorded in the Company's mortgage portfolio. This expansion was financed principally through a \$22 million increase in the guaranteed account.

Early in 1977 we increased substantially our preferred share holdings due to the fact that this type of investment offered an exceptionally attractive after-tax return. Since the dividends on these holdings are not taxable in our hands, the tax savings is of major significance. As a result, our operating performance can only be measured in a meaningful way on the basis of after-tax earnings. Any comparison of the current year's pre-tax earnings with those of the previous year can be misleading.

ments are continuing at a very satisfactory rate. This means that our summer and fall mortgage fundings will be well ahead of 1976 levels.

Our recently introduced mortgage investment fund, the Comcap Mortgage Fund, has been well received to date by our customers and we anticipate that it will continue to play an increasingly important role in the growth of our administered assets.

During the past two months, the Canadian Senate has completed detailed studies of two major pieces of federal legislation which are most relevant to our operations — the Bank Act and the Borrowers and Depositors Protection Act. We are pleased that in their review of the Bank Act the Senate concurred with the trust industry's submission that trust companies not be required to maintain non-interest bearing reserves with the Bank of Canada. We expect that this recommendation will be accepted. With respect to the Borrowers and Depositors Protection Act, the Senate Committee recommended that it be withdrawn and that a consultative process with all interested parties be commenced with a view to a full redrafting. The Minister of Consumer and Corporate Affairs has announced that he will follow this course of action and we expect that the trust industry will provide an important input into the redrafting.

Yours truly,



J. B. Whitley
Calgary, Alberta
August 2, 1977

CONSOLIDATED BALANCE SHEET

(Unaudited)
As at June 30

	1977	1976
Assets		
Cash and marketable securities	\$ 69,115,000	\$ 58,046,000
Mortgages and secured loans	240,162,000	204,371,000
Accounts receivable and prepaid expenses	2,196,000	1,915,000
Properties	36,150,000	35,267,000
Premises and equipment	<u>2,438,000</u>	<u>1,980,000</u>
	<u>\$350,061,000</u>	<u>\$301,579,000</u>
Liabilities and Shareholders' Equity		
Guaranteed account	<u>\$312,072,000</u>	<u>\$264,936,000</u>
Other liabilities		
Mortgages	12,356,000	11,641,000
Subordinated notes	1,832,000	2,000,000
Other	3,853,000	5,278,000
Deferred income	3,638,000	4,613,000
Deferred income taxes	2,772,000	1,208,000
Minority interest	71,000	74,000
Shareholders' equity		
Preferred	3,000,000	3,000,000
Common	<u>10,467,000</u>	<u>8,829,000</u>
	<u>\$350,061,000</u>	<u>\$301,579,000</u>